

Heidelberg District Community Enterprise Limited

Financial Statements

for the half-year ended

31 December 2014

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Directors' Report

Your directors submit the financial report of the company for the half-year ended 31 December 2014.

Directors

The names of directors who held office during the half year and until the date of this report are as below:

David John Mayne

Nancy Louise Caple

Evelyn Stagg

Paul Anthony Gittings

Graham Peter Norman

Russell James Hutchins

Brian Thomas Simpson

Janette Marie Corcoran

Geva Maria Murano

Lynne Patricia Johnson

Principal Activities

The principal activity of the company during the course of the financial period was in facilitating **Community Bank®** services under management rights to operate franchised branches of Bendigo and Adelaide Bank Limited.

Review and Results of Operations

Operations have continued to perform in line with expectations. The net profit of the company for the financial period after the provision of income tax was: \$101,794 [2013: \$124,230].

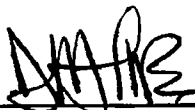
Matters Subsequent to the End of the Reporting Period

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the directors at East Ivanhoe, Victoria on 23 February 2015.



David John Mayne, Chairman

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Heidelberg District Community Enterprise Limited

I declare that, to the best of my knowledge and belief, for the half-year ended 31 December 2014 there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review
- any applicable code of professional conduct in relation to the review.



David Hutchings
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 23 February 2015

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2014

| | 2014 | 2013 |
|--|-----------------|-----------------|
| | \$ | \$ |
| Revenue from ordinary activities | 1,138,014 | 1,143,830 |
| Employee benefits expense | (438,691) | (399,735) |
| Charitable donations, sponsorship, advertising and promotion | (170,833) | (181,410) |
| Occupancy and associated costs | (138,717) | (135,276) |
| Systems costs | (62,512) | (64,658) |
| Depreciation and amortisation expense | (36,977) | (38,481) |
| Finance costs | (24) | (23) |
| General administration expenses | (143,697) | (144,713) |
| | <hr/> | <hr/> |
| Profit before income tax expense | 146,563 | 179,534 |
| Income tax expense | (44,769) | (55,304) |
| | <hr/> | <hr/> |
| Profit after income tax expense | 101,794 | 124,230 |
| | <hr/> | <hr/> |
| Total comprehensive income for the year attributable to members | 101,794 | 124,230 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Earnings per Share | <u>c</u> | <u>c</u> |
| Basic from profit for the period: | 4.43 | 5.41 |

The accompanying notes form part of these financial statements.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Balance Sheet
as at 31 December 2014

| | 31-Dec 2014 \$ | 30-Jun 2014 \$ |
|--------------------------------------|-------------------------------|-------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash assets | 548,058 | 580,679 |
| Trade and other receivables | 187,013 | 192,489 |
| Total Current Assets | <u>735,071</u> | <u>773,168</u> |
| Non-Current Assets | | |
| Property, plant and equipment | 1,414,583 | 1,438,138 |
| Intangible assets | 80,524 | 24,843 |
| Deferred tax asset | 28,037 | 23,376 |
| Financial assets | 10,000 | 10,000 |
| Total Non-Current Assets | <u>1,533,144</u> | <u>1,496,357</u> |
| Total Assets | <u>2,268,215</u> | <u>2,269,525</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 53,860 | 52,696 |
| Current tax liabilities | 41,344 | 23,164 |
| Borrowings | 889 | 864 |
| Provisions | 70,058 | 58,956 |
| Total Current Liabilities | <u>166,151</u> | <u>135,680</u> |
| Non-Current Liabilities | | |
| Provisions | 29,825 | 25,497 |
| Total Non-Current Liabilities | <u>29,825</u> | <u>25,497</u> |
| Total Liabilities | <u>195,976</u> | <u>161,177</u> |
| Net Assets | <u>2,072,239</u> | <u>2,108,348</u> |
| Equity | | |
| Issued capital | 1,641,165 | 1,641,165 |
| Reserves | 72,060 | 72,060 |
| Retained earnings | 359,014 | 395,123 |
| Total Equity | <u>2,072,239</u> | <u>2,108,348</u> |

The accompanying notes form part of these financial statements.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Statement of Changes in Equity
for the half-year ended 31 December 2014

| | Issued Capital \$ | Retained Earnings \$ | Reserves \$ | Total Equity \$ |
|--|-------------------------|----------------------------|----------------------|-------------------------|
| Balance at 1 July 2013 | 1,641,165 | 414,438 | 72,060 | 2,127,663 |
| Total comprehensive income for the year | <u>-</u> | <u>124,230</u> | <u>-</u> | <u>124,230</u> |
| | 1,641,165 | 538,668 | 72,060 | 2,251,893 |
| Transactions with owners in their capacity as owners: | | | | |
| Shares issued during period | - | - | - | - |
| Costs of issuing shares | - | - | - | - |
| Dividends provided for or paid | <u>-</u> | <u>(137,903)</u> | <u>-</u> | <u>(137,903)</u> |
| Balance at 31 December 2013 | <u>1,641,165</u> | <u>400,765</u> | <u>72,060</u> | <u>2,113,990</u> |
| Balance at 1 July 2014 | 1,641,165 | 395,123 | 72,060 | 2,108,348 |
| Total comprehensive income for the year | <u>-</u> | <u>101,794</u> | <u>-</u> | <u>101,794</u> |
| | 1,641,165 | 496,917 | 72,060 | 2,210,142 |
| Transactions with owners in their capacity as owners: | | | | |
| Shares issued during period | - | - | - | - |
| Costs of issuing shares | - | - | - | - |
| Dividends provided for or paid | <u>-</u> | <u>(137,903)</u> | <u>-</u> | <u>(137,903)</u> |
| Balance at 31 December 2014 | <u>1,641,165</u> | <u>359,014</u> | <u>72,060</u> | <u>2,072,239</u> |

The accompanying notes form part of these financial statements.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Statement of Cash Flows
for the half-year ended 31 December 2014

| | 2014 | 2013 |
|--|------------------------------|------------------------------|
| | \$ | \$ |
| Cash Flows From Operating Activities | | |
| Receipts from customers | 1,249,977 | 1,244,202 |
| Payments to suppliers and employees | (1,053,772) | (1,024,588) |
| Interest received | 9,430 | 9,825 |
| Income taxes paid | (31,250) | (26,942) |
| Net cash provided by operating activities | <u>174,385</u> | <u>202,497</u> |
| Cash Flows From Investing Activities | | |
| Payments for property, plant and equipment | (390) | (11,273) |
| Payments for intangible assets | (68,713) | - |
| Net cash provided by/(used in) investing activities | <u>(69,103)</u> | <u>(11,273)</u> |
| Cash Flows From Financing Activities | | |
| Dividends paid | (137,903) | (137,903) |
| Net cash provided by/(used in) financing activities | <u>(137,903)</u> | <u>(137,903)</u> |
| Net increase/(decrease) in cash held | (32,621) | 53,321 |
| Cash at the beginning of the financial year | 580,679 | 567,222 |
| Cash at the end of the half-year | <u><u>548,058</u></u> | <u><u>620,543</u></u> |

The accompanying notes form part of these financial statements.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Notes to the financial statements
for the half-year ended 31 December 2014

Note 1. Summary of Significant Accounting Policies

Statement of Compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34: Interim Financial Reporting*.

Basis of Preparation

The half-year financial report is intended to provide users with an update on the latest annual financial statements and does not include all the notes of the type normally included in an annual financial report. Accordingly the report shall be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by the company during the period.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements and the previous corresponding interim period.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Amendments to Accounting Standards and the new Interpretation that are mandatorily effective for the current reporting period

The following Australian Accounting Standards, amendments to Australian Accounting Standards and Interpretation have become mandatory for adoption for the financial year commencing on 1 July 2014:

- AASB 1031 - Materiality (2013)
- AASB 2012-3 - Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 - Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 - Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 - Amendments to Australian Accounting Standards - Investment Entities
- AASB 2013-9 - Amendments to Australian Accounting Standards - Part B: Materiality
- AASB 2014-1 - Amendments to Australian Accounting Standards -
 - Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles
 - Part B: Defined Benefit Plans - Employee Contributions (Amendments to AASB 119)
 - Part C: Materiality
- Interpretation 21 - Levies

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Notes to the financial statements
for the half-year ended 31 December 2014

Note 1. Summary of Significant Accounting Policies (continued)

Amendments to Accounting Standards and the new Interpretation that are mandatorily effective for the current reporting period (continued)

None of the new standards, amendments to standards or interpretation that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. There were no other new or revised Accounting Standards and Interpretations effective for the current reporting period relevant to the company that were not disclosed in the annual financial report for the year ended 30 June 2014.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2014.

Note 2. Events Subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

Note 3. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the date of this report to affect the financial statements.

Note 4. Segment Reporting

The economic entity operates in a single service sector where it facilitates community banking services in the Melbourne suburbs of East Ivanhoe and Heidelberg, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 5. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2014 annual financial report.

Note 6. Dividends Paid/Provided

| | <u>2014</u> <u>Cents</u> | <u>2014</u> <u>\$</u> | <u>2013</u> <u>Cents</u> | <u>2013</u> <u>\$</u> |
|---|---|--|---|--|
| Dividend declared and paid during the period: | 6 | 137,903 | 6 | 137,903 |
| 100% fully franked (2013: 100%) | | | | |

The tax rate at which dividends have been franked is 30% (2013: 30%).

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Notes to the financial statements
for the half-year ended 31 December 2014

Note 7. Fair Value Measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

To provide an indication about the reliability of the inputs used in determining fair value, the applicable assets and liabilities have been classified into the three levels prescribed under the accounting standards, as outlined above.

| At 31 December 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|------------------|----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Recurring fair value measurements: | | | | |
| Property, Plant and Equipment | | | | |
| Freehold land | - | 440,000 | - | 440,000 |
| Buildings | - | 660,000 | - | 660,000 |
| Total assets at fair value | <u>-</u> | <u>1,100,000</u> | <u>-</u> | <u>1,100,000</u> |

| At 30 June 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|------------------|----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Recurring fair value measurements: | | | | |
| Property, Plant and Equipment | | | | |
| Freehold land | - | 440,000 | - | 440,000 |
| Buildings | - | 660,000 | - | 660,000 |
| Total assets at fair value | <u>-</u> | <u>1,100,000</u> | <u>-</u> | <u>1,100,000</u> |

There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Heidelberg District Community Enterprise Limited
ABN 62 095 312 744
Directors' Declaration

In the opinion of the directors of Heidelberg District Community Enterprise Limited ("the company"):

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position of the entity as at 31 December 2014 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date;
 - (b) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the board of directors.



David John Mayne, Chairman

Dated this 23rd day of February 2015.

Independent auditor's review report to the members of Heidelberg District Community Enterprise Limited

Report on the half-year financial report

I have reviewed the accompanying half-year financial report of Heidelberg District Community Enterprise Limited, which comprises the balance sheet as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express a conclusion on the half-year financial report based on the review. I conducted the review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Heidelberg District Community Enterprise Limited, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of my procedures, the review was not designed to provide assurance on internal controls.

The review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting my review I have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

Based on the review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year financial report of Heidelberg District Community Enterprise Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position at 31 December 2014 and of its performance for the half-year ended on that date
- b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



David Hutchings

Andrew Frewin Stewart

61 Bull Street, Bendigo Vic 3550

Dated: 23 February 2015